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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any shares of Tradeeasy Holdings Limited (the “Company”).

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licenced securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licenced securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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**TRADEeasy**

易 貿 通

**TRADEEASY HOLDINGS LIMITED**

**( 易 貿 通 集 團 有 限 公 司 \* )**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8163)**

### **RE-ELECTION OF DIRECTORS AT THE AGM AND GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

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*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*

29 June 2006

\* For identification purpose only

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:*

“AGM”	the annual general meeting of the Company to be held at 2208, 22/F., St. George’s Building, 2 Ice House Street, Central, Hong Kong on Tuesday, 25 July 2006 at 10:30 a.m. or any adjournment thereof (as the case may be), notice of which is set out in the 2006 annual report of the Company
“associate(s)”	has the same meaning as given to it in the GEM Listing Rules
“Board”	the board of the Directors
“Company”	Tradeeasy Holdings Limited (易貿通集團有限公司*), which is incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM
“connected person”	has the same meaning as given to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 June 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

\* For identification purpose only

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## DEFINITIONS

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“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as given to it in the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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## LETTER FROM THE BOARD

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**TRADE**easy

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**TRADEEASY HOLDINGS LIMITED**

( 易 貿 通 集 團 有 限 公 司 \* )

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8163)**

*Executive Directors:*

Mr. Mak Shiu Tong, Clement (*Chairman  
& Chief Executive Officer*)

Mr. Tam Ngai Hung, Terry

Ms. Cheng Yuk Ching, Flora

Mr. Yip Kwok Cheung, Danny

Dr. William Donald Putt

*Independent Non-Executive Directors:*

Mr. Lam Kin Kau, Mark

Mr. Fung Hoi Wing, Henry

Mr. Lau Ho Wai, Lucas

*Registered office:*

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head office and principal place  
of business in Hong Kong:*

Units 2, 3 & 5, 19/F.

BEA Tower

Millennium City 5

418 Kwun Tong Road

Kwun Tong

Kowloon

Hong Kong

29 June 2006

*To the Shareholders*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS AT THE AGM  
AND  
GENERAL MANDATES TO  
ISSUE SHARES AND REPURCHASE SHARES**

**INTRODUCTION**

The Board wishes to seek the approval of the Shareholders at the AGM for (i) re-election of the Directors; (ii) granting of the general mandate to issue Shares (referred to the resolution no. 4(A) of the notice of the AGM); and (iii) granting of the general mandate to repurchase Shares (referred to the resolution no. 4(B) of the notice of the AGM).

\* For identification purpose only

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## **LETTER FROM THE BOARD**

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The purpose of this circular is to (i) provide you with details of the Directors who are subject to re-election at the AGM; (ii) provide you with details of the general mandate to issue Shares; (iii) provide you with details of the general mandate to repurchase Shares; and (iv) set out an explanatory statement regarding the general mandate to repurchase Shares as required under the GEM Listing Rules.

### **RE-ELECTION OF THE DIRECTORS**

In accordance with article 87(1) of the articles of association of the Company, no Director shall retire from office by rotation at the AGM.

In accordance with article 86(3) of the articles of association of the Company, Mr. Mak Shiu Tong, Clement, Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora, Dr. William Donald Putt, Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas who were appointed by the Directors after the last annual general meeting of the Company will retire at the AGM and being eligible, offer themselves for re-election.

Details of the abovenamed Directors who are subject to re-election at the AGM, are set out in Appendix I to this circular in accordance with the relevant requirements of the GEM Listing Rules.

### **GENERAL MANDATE TO ISSUE SHARES**

It will be proposed at the AGM two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with the Shares not exceeding 20% in issue on the date of passing of the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the below general mandate to repurchase Shares up to 10% of the issued share capital of the Company on the date of passing of the resolution.

As at the Latest Practicable Date, the maximum number of Shares to be issued is 194,200,000 Shares.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the 2005 annual general meeting of the Company held on 4 July 2005, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will be lapsed at the conclusion of the forthcoming AGM. The Directors propose to seek the approval of the Shareholders of an ordinary resolution at the forthcoming AGM regarding general mandate to repurchase Shares.

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## LETTER FROM THE BOARD

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An explanatory statement as required under the GEM Listing Rules concerning the general mandate to repurchase Shares is set out in Appendix II to this circular.

### AGM

A notice convening the AGM is set out in the 2006 annual report of the Company.

A form of proxy for use by the Shareholders at the AGM is enclosed with the 2006 annual report of the Company in respect of the financial year ended 31 March 2006 which has been despatched to all Shareholders at the same time of this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude any Shareholders from attending and voting in person at the AGM should the Shareholders so desire.

### RIGHT TO DEMAND A POLL

Pursuant to article 66 of the articles of association of the Company, a resolution put to the vote of the meeting (including the forthcoming AGM) shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:—

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.



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## LETTER FROM THE BOARD

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A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

### **RECOMMENDATION**

The Directors consider that the re-election of the Directors and the granting of the general mandates to issue Shares and repurchase Shares are in the best interests of the Company and the Shareholders and therefore recommend all Shareholders to vote in favour of the resolutions set out in the notice of the AGM.

Yours faithfully,  
For and on behalf of  
**TRADEEASY HOLDINGS LIMITED**  
**Mak Shiu Tong, Clement**  
*Chairman*

*The following are the particulars of the Directors (as required by the GEM Listing Rules) proposed to be re-elected at the AGM to be held on Tuesday, 25 July 2006.*

**Mr. MAK Shiu Tong, Clement**, aged 52, has served as the Chairman, the Chief Executive Officer (“CEO”) and an Executive Director of the Company since April 2006. Mr. Clement Mak is a member of the remuneration committee of the Company. He is responsible for the corporate planning, overall strategic direction of the Group and takes a leading role in managing the business. He has over 29 years of experience in the electronics manufacturing and distribution industry, specialising in telephone and telecom products. He also has substantial experience in the telecom services and internet businesses. He holds a Diploma in Electrical Engineering.

Mr. Clement Mak is also the chairman, chief executive officer and an executive director of CCT Telecom Holdings Limited (“CCT Telecom”) and CCT Tech International Limited (“CCT Tech”), companies listed on the main board of the Stock Exchange. He was an executive director of Haier Electronics Group Co., Ltd. (formerly known as Haier-CCT Holdings Limited), a company listed on the main board of the Stock Exchange, until his resignation on 28 January 2005. He is also a director of certain subsidiaries of the Company, CCT Telecom’s group and CCT Tech’s group.

Save as disclosed above, he did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company and any of its subsidiaries.

There is no service contract entered into between the Company and Mr. Clement Mak. The amount of his remuneration, if any, will be determined by the Board. Once the amount has been determined, an announcement will be made by the Company. He is not appointed for any specified length of service with the Company and is not subject to the provisions on retirement and rotation of directors under article 87 of the articles of association of the Company.

As at the Latest Practicable Date, Mr. Clement Mak did not have any interest in any shares, underlying shares or debenture of the Company, and had interest in 221,756,629 shares and 73,734,102 underlying shares of the convertible bonds of CCT Telecom. Save as disclosed above, as at the Latest Practicable Date, Mr. Clement Mak had no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations and he did not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

There is no information which should be disclosed under Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Clement Mak involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Mr. TAM Ngai Hung, Terry**, aged 52, has served as an Executive Director of the Company since April 2006. Mr. Terry Tam is a member of the remuneration committee of the Company. He is mainly responsible for the corporate finance and accounting function of the Group. He has more than 28 years of experience in finance and accounting management, and also has extensive experience in corporate finance matters, mergers and acquisitions. He has substantial experience in the financial aspects of the telecom services and internet businesses. He is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. He has previously held a number of senior positions in several listed companies.

Mr. Terry Tam is also an executive director of CCT Telecom and CCT Tech, companies listed on the main board of the Stock Exchange. He was an executive director of Haier Electronics Group Co., Ltd. (formerly known as Haier-CCT Holdings Limited), a company listed on the main board of the Stock Exchange, until his resignation on 28 January 2005. He was a non-executive director of the Company until his resignation on 18 December 2003. He is also a director of certain subsidiaries of the Company, CCT Telecom's group and CCT Tech's group.

Save as disclosed above, he did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company and any of its subsidiaries.

There is no service contract entered into between the Company and Mr. Terry Tam. The amount of his remuneration, if any, will be determined by the Board. Once the amount has been determined, an announcement will be made by the Company. He is not appointed for any specified length of service with the Company but is subject to the provisions on retirement and rotation of directors under the articles of association of the Company.

As at the Latest Practicable Date, Mr. Terry Tam did not have any interest in any shares, underlying shares or debenture of the Company, and had interest in 1,868,000 shares of CCT Telecom. Save as disclosed above, as at the Latest Practicable Date, Mr. Terry Tam had no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations and he did not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

There is no information which should be disclosed under Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Terry Tam involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Ms. CHENG Yuk Ching, Flora**, aged 52, has served as an Executive Director of the Company since April 2006. She has over 26 years of experience in the electronics industry. She also has substantial experience in the telecom services and internet businesses. She has held senior positions in various well-known electronics companies. She holds a Diploma in Business Administration.

Ms. Flora Cheng is also an executive director of CCT Telecom and CCT Tech, companies listed on the main board of the Stock Exchange. She is also a director of certain subsidiaries of the Company, CCT Telecom's group and CCT Tech's group.

Save as disclosed above, she did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company and any of its subsidiaries.

There is no service contract entered into between the Company and Ms. Flora Cheng. The amount of her remuneration, if any, will be determined by the Board. Once the amount has been determined, an announcement will be made by the Company. She is not appointed for any specified length of service with the Company but is subject to the provisions on retirement and rotation of directors under the articles of association of the Company.

As at the Latest Practicable Date, Ms. Flora Cheng did not have any interest in any shares, underlying shares or debenture of the Company, and had interest in 14,196,713 shares of CCT Telecom, in which 120,000 were held by her spouse. Save as disclosed above, as at the Latest Practicable Date, Ms. Flora Cheng had no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations and she did not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

There is no information which should be disclosed under Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Ms. Flora Cheng involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Dr. William Donald PUTT**, aged 69, has served as an Executive Director of the Company since April 2006. He obtained his PhD in Management from the Massachusetts Institute of Technology in the United States. He has over 33 years of experience in the telecom industry, and was the president and co-founder of TeleConcepts Corporation, which specialised in the design, production and distribution of telecom products.

Dr. William Putt is also an executive director of CCT Telecom and CCT Tech, companies listed on the main board of the Stock Exchange.

Save as disclosed above, he did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company and any of its subsidiaries.

There is no service contract entered into between the Company and Dr. William Putt. The amount of his remuneration, if any, will be determined by the Board. Once the amount has been determined, an announcement will be made by the Company. He is not appointed for any specified length of service with the Company but is subject to the provisions on retirement and rotation of directors under the articles of association of the Company.

As at the Latest Practicable Date, Dr. William Putt did not have any interest in any shares, underlying shares or debenture of the Company, and had interest in 591,500 shares of CCT Telecom. Save as disclosed above, as at the Latest Practicable Date, Dr. William Putt had no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations and he did not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

There is no information which should be disclosed under Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Dr. William Putt involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Mr. LAM Kin Kau, Mark**, aged 52, has served as an Independent Non-Executive Director of the Company since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Secretaries and Administrators. He has been a practising accountant for over 21 years and is a director of various private companies.

Mr. Mark Lam is also an independent non-executive director and a member of both the audit committee and remuneration committee of Haier Electronics Group Co., Ltd. (formerly known as Haier-CCT Holdings Limited), a company listed on the main board of the Stock Exchange, and BIG Media Group Limited, a company listed on the GEM.

Save as disclosed above, he did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company and any of its subsidiaries.

There is no service contract entered into between the Company and Mr. Mark Lam. He will be entitled to a director's fee of HK\$5,000 per month or such other amount as the Company may determine from time to time based on actual services provided by him. He is not appointed for any specified length of service with the Company but is subject to the provisions on retirement and rotation of directors under the articles of association of the Company.

He does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company and, as at the Latest Practicable Date, he did not have any interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations.

There is no information which should be disclosed under Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Mark Lam involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Mr. FUNG Hoi Wing, Henry**, aged 50, has served as an Independent Non-Executive Director of the Company since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a Notary Public and Solicitor of Messrs. Fung, Wong, Ng & Lam, Solicitors and Notaries of Hong Kong. He graduated from the University of Hong Kong in 1976 with a Bachelor's degree in Social Sciences. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1981. In addition, he is a China-Appointed Attesting Officer and also admitted in England and Wales, the Australian Capital Territory and Singapore.

Mr. Henry Fung is also an independent non-executive director and a member of both the audit committee and remuneration committee of Haier Electronics Group Co., Ltd. (formerly known as Haier-CCT Holdings Limited), a company listed on the main board of the Stock Exchange.

Save as disclosed above, he did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company and any of its subsidiaries.

There is no service contract entered into between the Company and Mr. Henry Fung. He will be entitled to a director's fee of HK\$5,000 per month or such other amount as the Company may determine from time to time based on actual services provided by him. He is not appointed for any specified length of service with the Company but is subject to the provisions on retirement and rotation of directors under the articles of association of the Company.

He does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company and, as at the Latest Practicable Date, he did not have any interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations.

There is no information which should be disclosed under Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Henry Fung involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Mr. LAU Ho Wai, Lucas**, aged 44, has served as an Independent Non-Executive Director of the Company since April 2006 and is a member of both the audit committee and the remuneration committee of the Company. He is a practising Chartered Surveyor in Hong Kong. He is a member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. He is also a Hong Kong Registered Professional Surveyor. He has a Bachelor's degree in Land Economy, a Master's degree in Urban Design, a Bachelor's degree in Laws and a Master's degree in Laws (International Business Law) and has over 15 years of professional experience in the real estate field.

Mr. Lucas Lau is also an independent non-executive director and a member of both the audit committee and remuneration committee of Haier Electronics Group Co., Ltd. (formerly known as Haier-CCT Holdings Limited), a company listed on the main board of the Stock Exchange.

Save as disclosed above, he did not hold any directorship in any listed public company in the past three years and does not hold any other positions with the Company and any of its subsidiaries.

There is no service contract entered into between the Company and Mr. Lucas Lau. He will be entitled to a director's fee of HK\$5,000 per month or such other amount as the Company may determine from time to time based on actual services provided by him. He is not appointed for any specified length of service with the Company but is subject to the provisions on retirement and rotation of directors under the articles of association of the Company.

Mr. Lucas Lau is the brother of Mr. Lau Ho Man, Edward, who is an independent non-executive director of CCT Telecom and was an independent non-executive director of the Company. Save as disclosed herein, he does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company and, as at the Latest Practicable Date, he did not have any interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations.

There is no information which should be disclosed under Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Lucas Lau involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.



*This is an explanatory statement given to all Shareholders relating to the resolution no. 4(B) to be proposed at the AGM regarding the general mandate to repurchase Shares.*

*The explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules.*

### **1. EXERCISE OF THE GENERAL MANDATE TO REPURCHASE SHARES**

As at 22 June 2006, being the latest practicable date prior to the printing of this explanatory statement, the issued share capital of the Company comprised 971,000,000 Shares.

If the resolution no. 4(B) authorising the Directors to repurchase Shares is passed at the forthcoming AGM, and assuming that no new Shares are issued prior to the date of passing of the said resolution, based on the 971,000,000 Shares in issue as at 22 June 2006, up to 97,100,000 Shares, representing 10 per cent. of the existing issued share capital of the Company may be repurchased by the Company, during the period from the date of passing of the resolution no. 4(B) and ending on either the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by the articles of association of the Company or applicable laws of the Cayman Islands or the date upon which the resolution no. 4(B) is revoked or varied by the Shareholders in general meeting (whichever is the earliest).

### **2. REASONS FOR REPURCHASE OF SHARES**

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market at any appropriate time. Such repurchase may, depending on market conditions and funding arrangements at that time, lead to enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

### **3. FUNDING OF REPURCHASE OF SHARES**

Repurchases must be funded out of funds legally available for the purpose in accordance with the articles of association of the Company, the GEM Listing Rules and the laws of the Cayman Islands and Hong Kong. The Company may not repurchase the Shares on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

**4. GENERAL**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the financial statements contained in the annual report of the Company for the year ended 31 March 2006) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

**5. SHARE PRICES**

The highest and lowest prices at which Shares have been traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:

<b>Period</b>	<b>Traded Price Per Share</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
July 2005	0.068	0.060
August 2005	0.050	0.049
September 2005	0.055	0.040
October 2005	0.060	0.039
November 2005	0.070	0.040
December 2005	0.051	0.041
January 2006	0.049	0.035
February 2006	0.045	0.037
March 2006	0.062	0.037
April 2006	0.049	0.039
May 2006	0.045	0.035
June 2006 (up to 22 June 2006)	0.045	0.031

**6. HONG KONG CODE ON TAKEOVERS AND MERGERS**

If, as the result of the repurchase of the Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (as defined in the GEM Listing Rules), could, depending on the level of increase of shareholding interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the general mandate to repurchase Shares.

As at 22 June 2006, being the latest practicable date prior to the printing of this explanatory statement, the substantial Shareholders were as follows:

Name of the Shareholder	No. of the Shares interested in	Approximate percentage of existing shareholding	Approximate percentage of shareholding if exercised in full the power to repurchase
Manistar Enterprises Limited	643,364,070	66.26%	73.62%
CCT Telecom Holdings Limited ( <i>Note</i> )	643,364,070	66.26%	73.62%

*Note:* The interests disclosed comprised 643,364,070 Shares beneficially owned by Manistar Enterprises Limited, which is a wholly-owned subsidiary of CCT Telecom Holdings Limited.

In the event that the Directors shall exercise in full the power to repurchase Shares in accordance with the terms of the resolution no. 4(B) to be proposed at the AGM, the total interests of the above substantial Shareholders would be increased to approximately the respective percentages shown in the last column above. To the best knowledge and belief of the Directors, such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. In fact, the Directors do not have the intention to exercise the power to repurchase Shares to an extent which would make any of the substantial Shareholders to be obliged to make a mandatory offer under Rule 26 of the Takeovers Code in this respect.

## 7. CONNECTED PERSONS

No connected person has notified the Company that it has a present intention to sell any of the Shares to the Company, or has undertaken not to do so, if the general mandate to repurchase Shares is exercised.

## 8. DIRECTORS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates have any present intention to sell any of the Shares to the Company or its subsidiaries if the general mandate to repurchase Shares is exercised.

The Directors have undertaken to the Stock Exchange that they will exercise the general mandate to repurchase Shares should it be granted at the forthcoming AGM in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands, the jurisdiction in which the Company is incorporated.

**9. REPURCHASED SHARES**

The Company has made no repurchases of its own Shares (whether on the GEM or otherwise) in the six months preceding the Latest Practicable Date.